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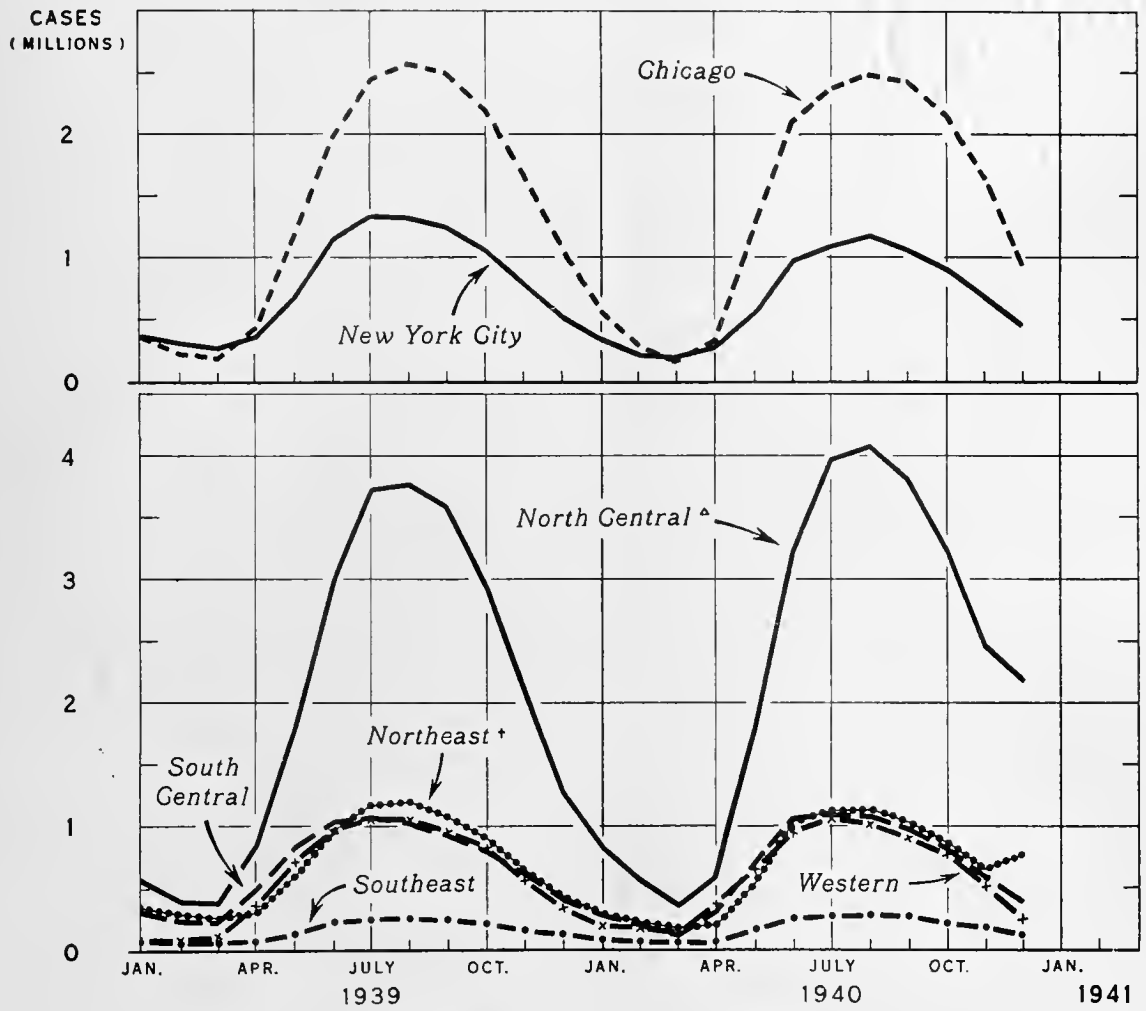
THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES-48 BAE DECEMBER 1940

EGGS, SHELL AND FROZEN (CASE EQUIVALENT): STORAGE HOLDINGS 1ST OF MONTH, UNITED STATES, 1939-40*



* EXCLUDING S. M. A. HOLDINGS OF SHELL EGGS, BEGINNING JULY 1, 1940
△ EXCLUDING CHICAGO † EXCLUDING NEW YORK CITY

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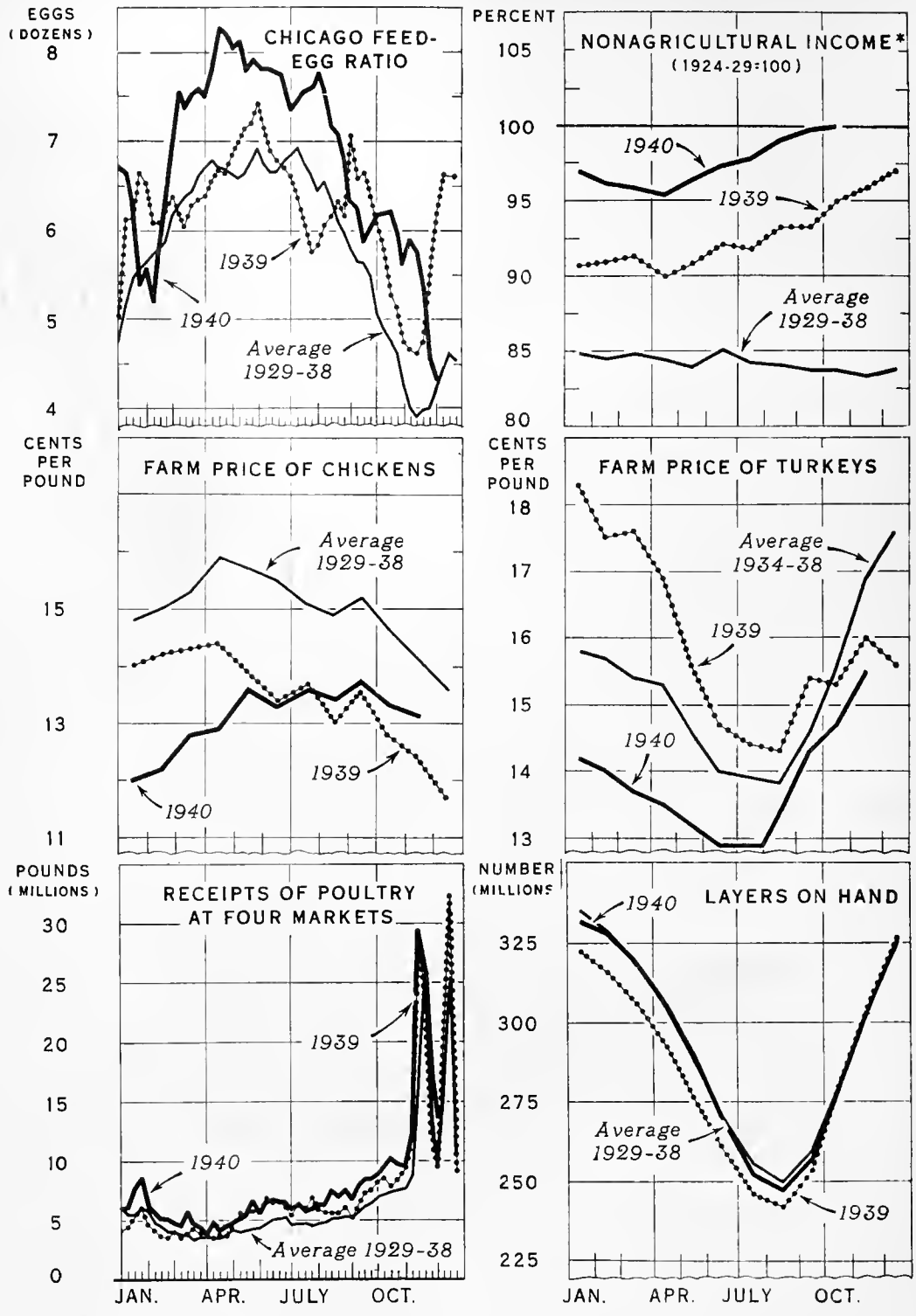
A MAJOR PART OF THE SHELL AND FROZEN EGGS IN STORAGE IN THE UNITED STATES ON THE FIRST OF EACH MONTH IS LOCATED IN THE SURPLUS-PRODUCING AREAS, PARTICULARLY IN THE NORTH CENTRAL STATES. HOLDINGS IN THESE STATES ALSO FLUCTUATE MORE DURING THE YEAR THAN IN ANY OTHER REGION. STORAGE HOLDINGS BY REGIONS ARE DISCUSSED FURTHER IN THE SECTION ON EGG STORAGE IN THIS REPORT.

THE POULTRY AND EGG SITUATION AT A GLANCE



A. M. S. DATA. EXCEPT NONAGRICULTURAL INCOME

*INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION

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FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

The effects on poultry meat supplies of the smaller hatch of chicks in 1940 than in 1939 are becoming increasingly apparent. The increase in receipts of dressed poultry at principal markets over those of a year earlier has been considerably less since early November than during the 3 months ended November 1.

The into-storage movement of poultry since November 1 has been a little larger than a year earlier, and storage stocks of all poultry on December 1 were 25 percent larger than on December 1, 1939. The larger December stocks this year were due mostly to the 43 percent larger stocks of fowl and the 21 percent larger stocks of turkeys. Although production of commercial broilers during the next few months may be larger than a year earlier, the supplies of chicken meat (including fowl) for the first half of 1941 are expected to be 4 or 5 percent smaller than in the first half of 1940.

Chicken prices during the next several months are expected to be higher than a year earlier, as a result of larger consumer incomes, smaller supplies of poultry meat, and smaller supplies of pork. The average price received by farmers for chickens in mid-November was about three-quarters of a cent higher than a year earlier. Turkey prices now are about the same as they were at this time last year, and prices received by farmers for turkeys, are not expected to decline as much during the next several months as they did in the corresponding period a year earlier.

As a result of a smaller increase in the number of layers on farms and a sharper decline than a year earlier in the rate of lay from the record high level of the past few months, egg production in the United States declined

slightly more from October to November this year than in the corresponding period of 1939. However, November production still was larger than a year earlier. The net out-of-storage movement for both shell and frozen eggs has increased substantially following the drop in production and apparent continued improvement in consumer demand for eggs. Egg prices have risen considerably, and the feed-egg ratio now is more favorable to producers than it was a year ago. The margin of this year's egg prices over those of a year earlier is expected to continue to widen during the winter and spring because of the prospective smaller supplies of eggs and larger consumer incomes.

The feed-egg ratio is expected to average more favorable to producers than a year earlier during the winter and early spring. As a result more chickens may be raised in 1941 than were raised in 1940.

- December 20, 1940.

FEED-EGG RATIO

As a result of a substantial rise in egg prices and some decline in feed costs the feed-egg ratio at Chicago declined considerably in late November and early December. The number of eggs required to buy 100 pounds of poultry ration at Chicago during the week ended December 14 was 4.75 dozens compared with 6.63 dozens a year earlier and 5.90 dozens for the week ended November 9, 1940. Because of the higher egg prices and about the same or only slightly higher feed prices in prospect for this winter and spring, the feed-egg ratio is expected to be more favorable to producers than it was in the winter and spring of 1939-40. As a result, more chickens may be raised in 1941 than were raised in 1940.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ending as of 1940											
	Jan.		Feb.		May	Aug.	Oct.	Nov.			Dec.			
	6	24	25	31	26	16	23	30	7	14	21	28
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average: 1929-38	4.77	5.87	6.80	5.98	4.62	3.92	3.99	4.01	4.23	4.43	4.62	4.54
1938	5.30	6.92	5.41	4.26	3.79	3.61	3.48	3.56	3.86	4.01	4.36	4.31
1939	5.02	6.21	7.21	6.13	5.13	4.62	4.73	5.68	6.23	6.63	6.62	6.62
1940	6.72	6.23	7.92	6.78	5.95	5.76	5.34	4.53	4.30	4.75		

EGG SITUATION

Egg production

The increase in the number of layers on farms from October to November was less this year than last. In November the total was 1 percent smaller than in November 1939. On December 1 the number of pullets that remained to be added to laying flocks was 8 percent smaller than a year earlier. Thus in January 1941, the number of layers on farms probably will be a few percent smaller than in January 1940. The decline in the number of layers during the period January to August 1941, however, may be smaller than the decline during the corresponding period of 1940 since prices of eggs during that period are expected to be higher relative to feed costs than they were this year.

Unfavorable weather conditions over part of the United States during November caused some curtailment in the rate of egg production per layer relative to the past few months. But even with fewer layers on farms, total farm production of eggs in that month was slightly larger than the previous record large production in November 1939. Because of the fewer layers in prospect, egg production through the first half of 1941 is expected to be smaller than during the corresponding period of 1940.

Number of layers on farms, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average: 1929-38	335	328	318	304	287	270	256	250	259	280	303	325
1938	307	301	292	278	262	248	236	234	245	269	293	314
1939	322	316	306	292	276	260	246	242	253	279	305	326
1940	332	327	318	304	289	270	252	247	257	279	303	

Average number of eggs produced per layer, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average: 1929-38	6.3	8.6	14.2	16.6	16.7	14.2	12.7	11.1	8.9	6.7	4.8	5.0
1938	7.9	9.9	15.4	17.5	17.3	14.9	13.6	11.8	9.4	7.5	5.9	6.4
1939	8.0	9.7	14.9	17.0	17.0	14.6	13.2	11.7	9.3	7.4	6.0	6.8
1940	7.2	9.0	14.4	16.5	17.0	14.8	13.4	11.8	9.7	7.9	6.2	

Total farm production of eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases
Average: 1929-38	5.9	7.9	12.5	14.1	13.3	10.6	9.0	7.7	6.4	5.2	4.0	4.0
1938	6.7	8.3	12.5	13.5	12.6	10.3	8.9	7.6	6.4	5.6	4.8	5.5
1939	7.2	8.5	12.6	13.8	13.0	10.6	9.1	7.8	6.5	5.7	5.1	6.1
1940	6.7	8.2	12.7	14.0	13.7	11.1	9.4	8.1	7.0	6.2	5.2	

Egg storage

The decline in production of eggs in November, especially during the last half of the month, resulted in out-of-storage movements for both shell and frozen eggs substantially larger than those of a year earlier. Storage stocks of shell eggs in the United States on December 1 (excluding the 544,865 cases held by the Surplus Marketing Administration) were about 10 percent smaller than a year earlier whereas stocks of frozen eggs were about 4 percent larger than on December 1, 1939. Storage stocks of frozen and privately owned shell eggs combined were slightly smaller than they were a year earlier.

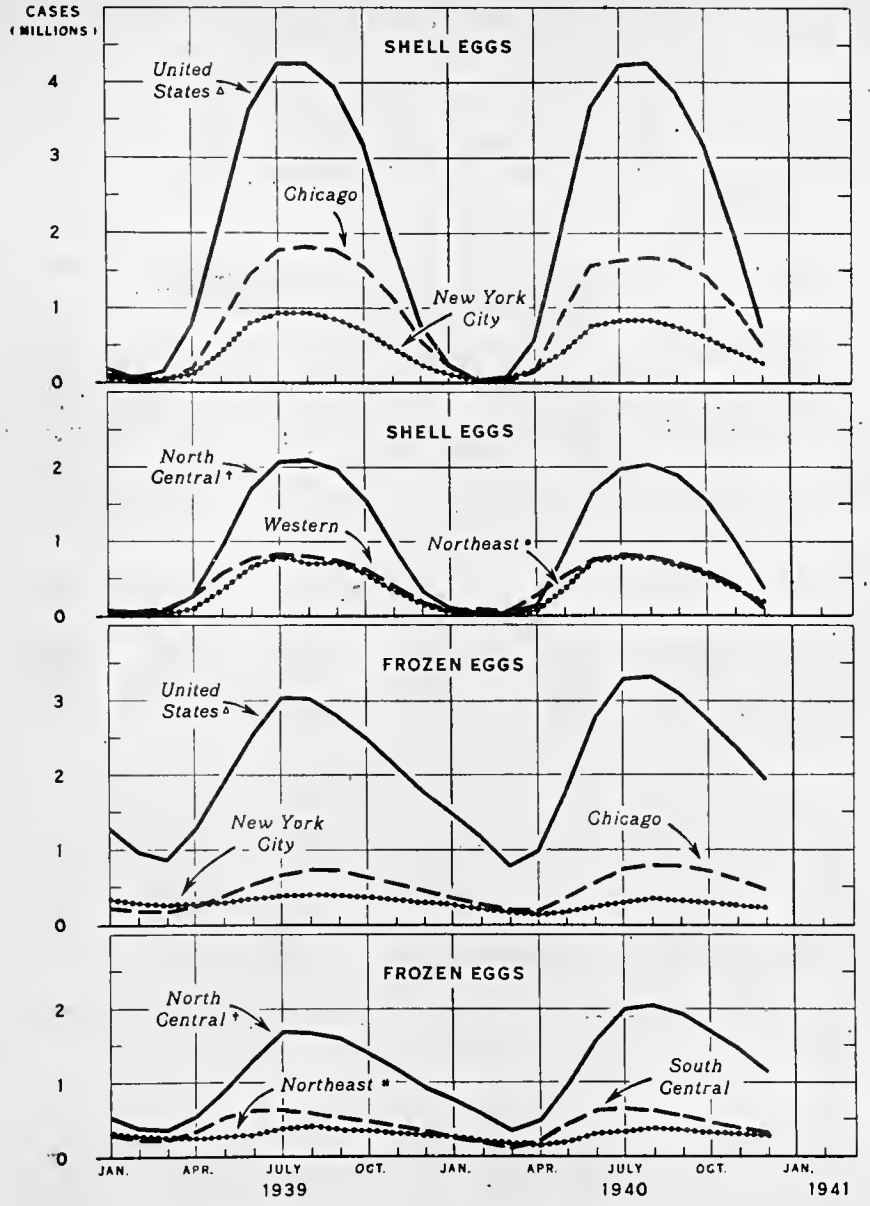
The prospective smaller production of eggs and larger consumer incomes this winter will tend to bring about a substantial out-of-storage movement during the remainder of the current out-of-storage season. Thus with egg prices higher than a year earlier in prospect during the remainder of this out-of-storage season, the storage demand for eggs during the 1941 storing season may be materially stronger than it was during most of the 1940 storing season.

Geographic location of storage stocks of eggs

The data presented in chart form on the cover page of this report and in figure 2 show the relative amounts of shell and frozen eggs stored in New York City, Chicago, and the more important geographic divisions. The North Central, Western, and Northeastern States usually store the largest quantities of shell eggs, and the North Central, South Central, and Northeastern States store the largest quantities of frozen eggs. More frozen eggs than shell are stored in the South Central States, whereas for other areas, especially the Western States, this relationship is reversed. The Southeastern and South Central States are least important in storing shell eggs, and the Southeastern and Western States are least important in storing frozen eggs. Data for these regions have been omitted from the sections of figure 3 which give holdings by geographic regions.

Although storage holdings at New York City and at other cities in deficit-producing areas fluctuate during the year, the fluctuations in holdings, especially of shell eggs, in surplus-producing areas are much more pronounced. Holdings of all eggs at Chicago and in the North Central States fluctuate more, respectively, than holdings in New York City or in the Northeastern States.

EGGS: STORAGE HOLDINGS OF SHELL EGGS AND OF FROZEN EGGS (CASE EQUIVALENT) 1ST OF MONTH, UNITED STATES, 1939-40*



* EXCLUDING S. M. A. HOLDINGS OF SHELL EGGS, BEGINNING JULY 1, 1940 † EXCLUDING CHICAGO
△ EXCLUDING NEW YORK CITY AND CHICAGO ▪ EXCLUDING NEW YORK CITY

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FIGURE 2.- LARGER QUANTITIES OF SHELL AND FROZEN EGGS ARE STORED IN THE NORTH CENTRAL STATES THAN IN ANY OTHER SINGLE AREA. IN THE SOUTH CENTRAL STATES, THE QUANTITY OF FROZEN EGGS STORED IS LARGER THAN THE QUANTITY OF SHELL EGGS STORED WHEREAS IN THE OTHER AREAS, ESPECIALLY IN THE WESTERN STATES, MORE SHELL THAN FROZEN EGGS USUALLY ARE STORED. THE DATA FOR THE TWO LEAST IMPORTANT AREAS HAVE BEEN OMITTED FROM THE SECTIONS ON REGIONAL HOLDINGS.

During the out-of-storage season a considerable inter-market movement of storage eggs from surplus-producing areas to deficit-producing areas takes place. Since receipts of storage and fresh eggs are not reported separately, the data on weekly receipts at four markets are neither an accurate measure of receipts of fresh eggs at these markets nor a measure of farm egg production in the United States. The results of this inter-market movement of storage eggs may not show up in changes in storage holdings between important cities, since additional fresh (or storage) eggs can be shipped in from more distant country points.

Eggs: Storage stocks in the United States, and storage movement at 26 markets

Year	United States stocks		Out-of-storage movement, week ending as of 1940					
			Nov.		Dec.			
	Nov. 1	Dec. 1	23	30	7	14	21	28
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell								
Average								
1929-38	4,733	2,506	338	314	319	286	261	228
1938	3,244	1,439	278	362	208	245	198	146
1939	3,519	1,580	300	303	224	178	162	167
1940	4,144	1/1,968	331	417	348	222		
Frozen								
Average								
1929-38	2,591	2,271	---	---	---	---	---	---
1938	2,694	2,231	54	82	56	59	66	49
1939	2,979	2,509	68	69	51	69	71	66
1940	3,195	1/2,602	85	102	74	86		

1/ Preliminary.

Egg prices

The average price received by farmers for eggs is continuing higher than a year earlier. Wholesale egg prices were slightly lower than a year earlier during the first part of November but in the first half of December they were considerably higher than in the corresponding period of 1939. Wholesale egg prices and prices received by farmers for eggs are expected to continue to increase relative to those of a year earlier as the price effects of this winter's smaller egg production and larger consumer incomes become more pronounced. Since consumer incomes are likely to average higher than a year earlier during 1941 and egg production is likely to be smaller, the price received by farmers for eggs is expected to be higher than a year earlier during most of next year.

Price per dozen received by farmers for eggs

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1929-38	24.2	20.3	17.3	16.8	16.8	16.8	18.1	19.9	23.2	26.2	30.1	28.8
1938	21.6	16.4	16.2	15.9	17.6	18.2	19.9	21.0	24.9	27.1	29.0	27.9
1939	18.8	16.7	16.0	15.5	15.2	14.9	16.5	17.5	20.6	22.9	25.8	20.5
1940	18.3	20.2	15.4	15.0	15.1	14.4	16.4	17.2	21.0	23.7	26.2	

POULTRY SITUATION

Poultry marketings

Since November 1, receipts of dressed poultry at the principal markets have continued larger than a year earlier but the excess over last year's level has been only 11 percent since November 1 compared to 18 percent in the previous 3 months. The smaller percentage increase in these receipts during recent weeks is probably due to smaller marketings of fowl and young stock, since this year's turkey crop was only a little smaller than a year earlier, and farmers indicated early in the season that they would market a larger proportion of their annual turkey production before January 1 than they did last year.

Farm marketings of poultry at primary markets during the first part of 1941 may be considerably smaller than they were in early 1940, but receipts at principal markets may be only moderately smaller, since there again will be heavy inter-market movements of frozen poultry.

Receipts of dressed poultry at four markets

(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1940									
	Jan.	Oct.		Nov.			Dec.			
	27	19	26	16	23	30	7	14	21	28
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1929-38	6,028	7,467	7,562	17,324	25,933	14,164	9,787	16,425	25,324	10,525
1938	3,814	8,558	8,817	33,364	17,101	8,596	10,217	24,618	17,291	6,835
1939	6,020	7,733	8,438	28,200	23,999	12,471	9,451	20,274	32,380	9,187
1940	8,628	10,327	9,796	29,526	25,818	16,500	13,656	21,802		

Poultry storage

Total storage stocks of poultry increased somewhat more during November this year than during November 1939. The 25 percent larger stocks

STORAGE HOLDINGS OF DRESSED POULTRY, BY CLASSES, UNITED STATES, AVERAGE 1934-38, AND 1939 TO DATE

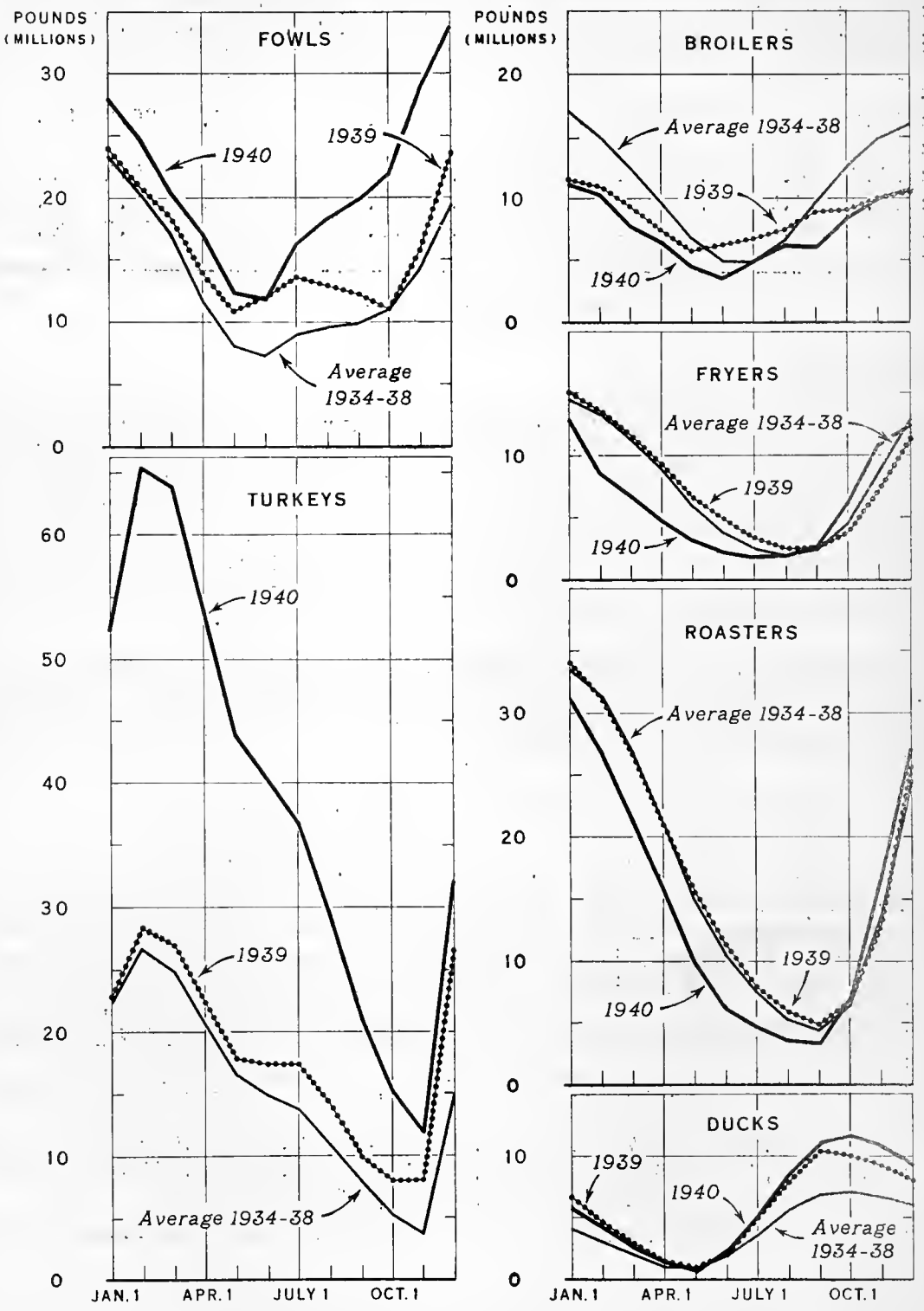

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FIGURE 3

of poultry in the United States on December 1 were due almost entirely to the 43 percent larger stocks of fowl and the 21 percent larger stocks of turkeys. These two classes combined constituted a larger proportion of total holdings of poultry on December 1 this year than they did on December 1, 1939. The record large stocks of fowl were largely a result of the large accumulations during the late summer and early fall months, since the net into-storage movement for fowl in November this year was considerably less than in November 1939. United States stocks of poultry, by classes, are shown in figure 3.

The net out-of-storage movement for poultry during the first half of 1941 may be larger than during the first half of 1940, since less live poultry probably will be marketed after the first of the year and consumer incomes will be larger than a year earlier.

Poultry: Storage stocks in the United States, and storage movement at 26 markets

Year	United States stocks: Nov. 1	United States stocks: Dec. 1	Into-storage movement, week ending as of 1940: Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1929-38	71,176	103,899	6,740	8,899	8,820	4,599	2,386	2,749
1938	77,692	118,088	9,144	12,279	7,166	4,332	1/ 358	2,044
1939	79,228	127,649	9,456	17,462	9,166	4,154	10,617	5,917
1940	114,257 2/	159,056	6,887	15,845	13,009	8,480		

1/ Out-of-storage movement.
2/ Preliminary.

Chicken prices

The average price received by farmers for chickens has decreased less than seasonally since mid-September and in mid-November was 0.7 cent higher than a year earlier. Wholesale prices have continued about steady since November 15. Because of the prospective smaller supplies of chicken meat, smaller supplies of pork, and larger consumer incomes, chicken prices are expected to continue higher than a year earlier at least during the first half of 1941. Slaughter of hogs during the past 3 months was considerably larger than a year earlier, but it is expected to decline very sharply in the near future. During the months from January to September 1941, hog slaughter may be about 15 percent smaller than it was in the corresponding months of 1940.

Price per pound received by farmers for chickens

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1929-38	14.8	15.0	15.3	15.9	15.7	15.5	15.1	14.9	15.2	14.6	14.1	13.6
1938	16.7	16.0	15.9	16.2	16.1	15.7	15.0	14.2	14.3	13.6	13.6	13.6
1939	14.0	14.2	14.3	14.4	13.9	13.4	13.7	13.0	13.6	12.7	12.4	11.7
1940	12.0	12.2	12.8	12.9	13.6	13.3	13.6	13.4	13.7	13.3	13.1	

FALL AND WINTER BROILERS

Hatchery production of baby chicks in November was larger than a year earlier in the most important broiler-producing areas of the country. Hatchery production of baby chicks in November for the United States as a whole was primarily for broilers, since 92 percent of the chicks hatched were of heavy breeds. Broiler production is likely to average larger than a year earlier during the remainder of this winter, since chicken prices are expected to be higher and fresh supplies of chicken meat from other areas will be smaller than they were last winter.

TURKEYS

The price received by farmers for turkeys usually reaches the annual seasonal peak in November or December. The mid-November average farm price this year was 15.5 cents compared with 14.7 cents a month earlier and 16.0 cents in November 1939. Wholesale prices for live turkeys did not decline as sharply this year immediately following the heavy movement for the Thanksgiving market as they did in the corresponding period of 1939. Wholesale prices for dressed turkeys also declined relatively little this year, and prices for the heavier birds have remained particularly steady since mid-November.

The wider than usual differential between retail prices of turkey hens and heavy young toms this year in important consuming centers apparently resulted in a heavier movement of the lower-priced large birds than in 1939. Thus the turkey storage situation may be more favorable this season than in the winter of 1939 when a large proportion of the turkeys in storage weighed 16 pounds and over. The into-storage movement for turkeys during November was about 20 million pounds compared with about 18 million pounds in November 1939. Storage stocks of turkeys on December 1 were 21 percent larger than on December 1, 1939.

Because of larger consumer incomes in prospect, smaller supplies of chicken, and the expected decline in hog marketings, prices received by farmers for turkeys are not expected to decline as much during the next several months as they did in the corresponding period a year earlier.

Price per pound received by farmers for live turkeys

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1934-38	15.8	15.7	15.4	15.3	14.6	14.0	13.9	13.8	14.6	15.5	16.9	17.6
1938	17.5	17.7	17.2	17.0	16.4	15.6	15.7	15.0	16.0	16.5	17.1	18.4
1939	18.3	17.5	17.6	16.9	15.6	14.7	14.4	14.3	15.4	15.3	16.0	15.6
1940	14.2	14.0	13.7	13.5	13.2	12.9	12.9	13.4	14.3	14.7	15.5	

DOMESTIC DEMAND

Domestic demand conditions continue to improve. Industrial activity reached a new peak in November and, under the stimulus of the domestic defense program and large exports of war materials, is expected to make an additional gain of about 2 percent in December. Consumer incomes are increasing along with the expanding industrial activity and the domestic consumer demand for agricultural products, in general, is continuing to improve. A leveling off or perhaps some temporary decline in the seasonally adjusted index of industrial activity is expected within the next few months, but this probably will not last long enough to result in any weakness in the domestic demand for farm products.

Index numbers of nonagricultural income
(1924-29 = 100, adjusted for seasonal variation)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average 1929-38	84.9	84.6	84.9	84.5	84.0	85.1	84.3	84.1	83.7	83.7	83.4	83.8
1938	88.0	87.6	87.4	86.5	85.9	85.6	85.7	87.5	88.0	88.5	89.5	90.6
1939	90.6	90.9	91.3	90.0	90.8	92.1	91.8	93.3	93.3	95.0	95.9	97.1
1940	96.9	96.2	95.9	95.3	96.4	97.4	97.8	99.1	99.8	1/100.0		

1/ Preliminary.

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